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C O N F I D E N T I A L SECTION 01 OF 02 ABUJA 001481

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STATE FOR AF/W, INR/AA
DOE FOR GEORGE PERSON

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TAGS: PREL PGOV ECON EAID ENRG EPET EINV NI

SUBJECT: NIGERIA: U/S JEFFERY'S MEETING WITH FOREIGN
MINISTER MADUEKWE

Classified By: Political Counselor Walter Pflaumer for reasons 1.4. (b & d).

¶11. (C) Summary: In a July 25 meeting, U/S Jeffery and FonMin Maduekwe discussed US technical support for efforts to improve the Nigerian power sector, changing attitudes in Nigeria toward corruption, and the GoN's desire to improve the business climate and encourage investment in Nigeria. The Ambassador also took advantage of the meeting to present demarches concerning Iran at the NAM Foreign Ministers' meeting and the negotiations on a political settlement in Zimbabwe (septels). U/S Jeffery highlighted the reasons for his visit and the importance the USG places on the u.S.-Nigeria bilateral relationship. In response to U/S Jeffery's comments encouraging Nigeria to continue the fight against corruption, the Minister argued that there have been major shifts in public and media attitudes regarding transparency issues away from resigned acceptance of corruption and toward real demands for the government to tackle the problem. On changing the business climate, Maduekwe acknowledged that there were problems and risks facing potential investors in Nigeria, but argued that there were also huge benefits, and that American business needs to take advantage of these opportunities. The two also discussed Nigeria's major energy issues. End Summary.

¶12. (C) On July 25, Under Secretary for Economic Affairs Reuben Jeffery and the Ambassador met with Nigerian Foreign Minister Ojo Maduekwe at the MFA. Jeffery was accompanied by Special Assistant Amy Westling and PolCouns (notetaker). The FonMin's Special Advisor Ambassador Hart, MFA Director for Regions Vincent Okoedion and Office Director for North America Charles Onianwa were also present.

Helping the Nigerian Power Sector

¶13. (C) Foreign Minister Maduekwe said his office had been under considerable pressure dealing with issues related to the global energy crisis, and the linked crisis over global food supplies. U/S Jeffery recalled that these issues had come up in several of his meetings in Nigeria thus far. He and his Nigerian interlocutors had discussed the GoN's significant domestic challenges over crude oil production, and supplies of electricity and fuel (both gasoline and diesel). Jeffery said he had been impressed with these meetings and with the technical proficiency of the Nigerian officials with whom he had met.

¶4. (C) Maduekwe referred to the U.S. Mission's Framework for Partnership, and asked if there were specific things the USG could do to help on the power generation issue. The Ambassador said we were providing technical assistance in several different ways. She pointed to the recent USG-sponsored power-sector workshop which included participation from the US Trade Development Agency and Ex-Im Bank. She also noted the recently launched partnership between the Nigerian Electricity Regulating Commission and the counterpart agency from the US State of Michigan which is helping to advance the generation and distribution of electric power in Nigeria and thus enhance opportunities for private investment. U/S Jeffery added that the USG very much considered itself a friend of Nigeria, and wanted to be as supportive as possible of such efforts.

Reducing Corruption

¶5. (C) U/S Jeffery then turned to what he described as a "sensitive issue," the need for continuing improvement in transparency in order to advance the overall business climate in Nigeria. Reducing corruption and having a legal system where contracts were respected were vitally important if Nigeria is to attract the international investment it needs, he stressed.

¶6. (C) In reply, Maduekwe noted that in the over two decades he had been in government, he had witnessed a significant shift in the public's attitude toward official corruption. In earlier days, both ordinary people and the media tended to view with resignation the sight of officials lining their

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pockets with public money. Now, however, the press was much more likely to name and shame the more egregious offenders, and the public was clearly looking to the GoN to do something about it. The GoN's various investigative agencies were an attempt to respond to this expectation. Still, Maduekwe recognized that President Yar'Adua's government was beginning to face media criticism over its performance in this area; in order to succeed, it would have to prove that it had the political will to bring corrupt officials to justice.

Attracting International Investment

¶7. (C) Maduekwe acknowledged that there were other problems, particularly bureaucratic bottlenecks and security risks, which needed to be addressed if Nigeria was to improve its business climate and attract needed investment. The Minister argued, however, that these difficulties and risks were balanced by real opportunities. While the country had a weak industrial base, this was also an area for growth. In any case, Nigeria was a "huge market," and those who put in the time to learn the country would make good money. He called for "a paradigm shift" among international investors, particularly American businesses in order to see Nigeria as an opportunity, not just a risk. He argued that such a shift in attitude would be of major benefit to the overall strategic partnership between Nigeria and the US. He hoped to be able to continue this dialogue with U/S Jeffery, perhaps with a meeting on the fringes of the upcoming September UNGA.

¶8. (U) This cable was cleared by
SANDERS